



**SIERRA
CLUB**
FOUNDED 1892

OPEN MEETING AGENDA ITEM

Grand Canyon Chapter • 202 E. McDowell

Phone: (602) 253-8633 Fax: (602) 258-6533 E



RECEIVED

2014 NOV 12 P 4:14

November 10, 2014

CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

NOV 12 2014

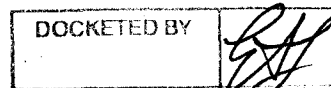
Chairman Bob Stump

Commissioners Gary Pierce, Bob Burns, Susan Bitter Smith, and Brenda Burns

Arizona Corporation Commission

1200 W. Washington Street

Phoenix, Arizona 85007



Re: Arizona Public Service Company (APS) Supplemental Application (Utility-Owned DG) APS 2014 REST Implementation Plan Docket No. E-01345A-13-0140 - E-01345A-14-0250

ORIGINAL

Dear Chairman Stump and Commissioners:

Sierra Club's Grand Canyon (Arizona) Chapter submits these comments on the Arizona Public Service (APS) Renewable Energy Standard and Tariff (REST) Implementation Plan and the proposed AZ SUN Residential PV Rooftop Project as outlined in the Supplemental Application APS 2014 REST Implementation Plan on behalf of our 35,000 members and supporters in Arizona, many of whom are APS customers. Sierra Club's mission is "to explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; and to educate and enlist humanity to protect and restore the quality of the natural and human environments." Sierra Club and our members have a significant interest in supporting the REST and continued deployment of renewable energy in Arizona to reduce the state's dependence on fossil fuels and reduce air and greenhouse gas pollution.

These utility implementation plans set the stage for the coming years and help to determine how many solar rooftops we will see on our homes and businesses, how many jobs will be supported by the solar industry, and whether or not there will be stability in this important market. These plans also allow us to diversify our energy mix and take advantage of the benefits that solar energy provides to the grid, energy security, and price stability. We again encourage the Arizona Corporation Commission to consider the REST requirements a floor from which to build and encourage solar and other renewable energy resources rather than as a ceiling beyond which the utilities cannot expand their solar generation.

Sierra Club has significant concerns with the program as currently envisioned. APS should not be allowed to use its competitive advantage as a monopoly with a guaranteed rate of return to compete against the private market. A utility implemented program should be directed at reaching customers classes that cannot access to rooftop solar under existing mechanisms and expanding overall solar deployment to APS service territory. While the proposed APS program has the potential to do so, there are no firm requirements. To the

extent the APS program merely competes for the same customer base served by independent providers, it would appear to offer little ratepayer value and net environmental benefit. Accordingly, Sierra Club offers the following recommendations to improve the program and provide greater assurance that its potential benefits are realized. With modifications, the APS program could function to expand the reach of rooftop solar and its benefits to a broader base of APS customers.

Targeting Customers with Limited Access to Rooftop Solar:

Customers with Low Income or Low Credit Scores

APS indicates that it will work with low income housing agencies to "identify a small portion of low income customers who meet most, if not all, of the requirements" identified in the supplemental application. (Supplemental Application at 4). It appears there will be some attempt to couple this with homes that have benefitted from weatherization. Sierra Club encourages APS to work with low income housing agencies. However, there does not appear to be any legitimate basis to limit the program to "a small portion" of low income customers.

Similarly, APS indicates that Step 3 of its application process will involve placing applications that pass the APS screening "in either the general application pool (approximately 2,000 customers) or the Low Income and targeted feeder pool (up to 1,000 customers) on a first come, first served basis." (Supplemental Application at 5.) This process could result in no low income customers being part of the program. It also means that at least two-thirds of the program would target people who have access to other programs, thus possibly displacing rather than augmenting rooftop solar in the APS service territory.

To ensure the Project expands the reach of rooftop solar, the Project should be revised to explicitly prioritize applicants that would not qualify for a leasing, loan, or other existing net-metering program due to a low credit score, lack of access to capital, or other barrier that low-income customers face when considering a solar home. This preference should be communicated in marketing materials. APS should not limit the low income customers who benefit from this program to "a small portion" and should ensure that a significant minimum portion of the participants are from low income applicants.

Rental Properties in Single and Multi-Family Homes:

One benefit of the APS proposal to "rent" rooftop space is the potential to access rental properties. While APS proposes its \$30 rental payment as a bill credit, this could be changed to a payment to a landlord in cases of rental properties where the renter, and not the building owner, is responsible for energy bills. This could significantly expand rooftop deployment by accessing single and multi-family rental properties.

Incentives for Systems Providing Additional Grid Value

The Project Should Include a Transparent and Public Process to Identify and Prioritize Areas where Additional Distributed Generation (DG) Deployment Will Maximize Grid Benefits: Sierra Club appreciates efforts to identify areas of high system value. However, APS should provide a public and transparent process to explain how it identifies specific feeders and areas where

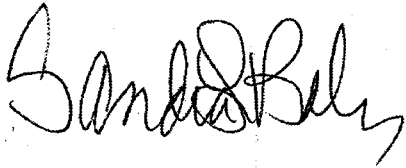
targeted deployment will maximize grid benefits (such as avoidance of a costly system upgrade). While the APS proposed rooftop rental program is one way to target deployment in those areas, another way would be simply to provide a monetary incentive for customers to install their own solar in those areas to capture the added locational value.

Sierra Club supports the proposed plan's use of local solar installers to implement the rooftop solar systems, keeping more dollars in the community and supporting the local solar industry. More DG might also serve as a motivator for utilities to invest in energy storage technology development and implementation.

In conclusion, Sierra Club asks that APS develop its proposed Project to enable increased DG solutions in the APS territory. Rooftop solar is undervalued by utilities (3 cents/kWh), but a properly designed program could help APS and other utilities understand its true value.

Thank you for considering our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandy Bahr", with a stylized, cursive script.

Sandy Bahr
Chapter Director
Sierra Club – Grand Canyon Chapter